

AMENDED IN ASSEMBLY APRIL 10, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 2768

Introduced by Assembly Members Nakano and Villaraigosa

February 25, 2000

An act to add and repeal Section 23151.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2768, as amended, Nakano. Bank and corporation taxes: reduction: small businesses.

The Bank and Corporation Tax Law imposes taxes, including a minimum franchise tax, on corporations.

This bill would, for income years beginning on or after January 1, 2000, and before January 1, 2006, reduce those taxes by 10%, after application of credits, for any eligible small business.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 23151.5 is added to the Revenue
2 and Taxation Code, to read:
3 23151.5. (a) Notwithstanding any other provision of
4 this part to the contrary, for each income year beginning

1 on or after January 1, 2000, and before January 1, 2006, the
2 tax imposed by this article, *or Article 1 (commencing*
3 *with Section 23501) of Chapter 3*, after application of any
4 credits allowed by this part, including any minimum
5 franchise tax, ~~on any eligible small business, as defined by~~
6 ~~paragraph (1) of subdivision (f) of Section 24416, shall be~~
7 ~~reduced by 10 percent.~~

8 ~~(b) This section shall remain in effect only until tax, on~~
9 ~~any eligible small business shall be reduced by 10 percent.~~

10 (b) *For purposes of this section:*

11 (1) *“Eligible small business,” as defined in paragraph*
12 *(1) of subdivision (f) of Section 24416, means any trade*
13 *or business that has gross receipts, less returns and*
14 *allowances, of less than one million dollars (\$1,000,000)*
15 *during the income year.*

16 (2) *The determination of the gross receipts of a*
17 *corporation shall be made by including the gross receipts*
18 *of each member of the commonly controlled group, as*
19 *defined in Section 25105, of which the corporation is a*
20 *member.*

21 (3) *“Gross receipts, less returns and allowances”*
22 *means the sum of the gross receipts from the production*
23 *of business income, as defined in subdivision (a) of*
24 *Section 25120, and the gross receipts from the production*
25 *of nonbusiness income, as defined in subdivision (d) of*
26 *Section 25120.*

27 (c) *This section shall not apply to S corporations.*

28 (d) *This section shall remain in effect only until*
29 *December 1, 2006, and as of that date, is repealed.*

30 SEC. 2. This act provides for a tax levy within the
31 meaning of Article IV of the Constitution and shall go into
32 immediate effect.